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Environment and sustainable development: further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

Letter dated 6 April 2004 from the Permanent Representative of Malta to the United Nations addressed to the Secretary-General

I have the honour to transmit to you the conclusions of the International Workshop on Economic Vulnerability and Resilience of Small States, held on the Island of Gozo, Malta, from 1 to 3 March 2004 (see annex). On behalf of the States and organizations participating and at their request, we ask that the present letter and its annex be circulated as a document of the General Assembly under agenda item 94 (d).

We believe that this will be a substantial contribution to the success of the International Meeting in Mauritius.

(*Signed*) Victor **Camilleri**
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Permanent Representative of Malta to the United Nations

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Annex to the letter dated 6 April 2004 from the Permanent Representative of Malta to the United Nations addressed to the Secretary-General

FINAL STATEMENT

CONCLUSIONS OF THE INTERNATIONAL WORKSHOP ON ECONOMIC VULNERABILITY AND RESILIENCE OF SMALL STATES

Organised by the Commonwealth Secretariat and the University of Malta
at the University Gozo Centre, Island of Gozo, Malta, 1-3 March 2004

Introduction

1. Twenty-six experts from all Commonwealth regions participated in a workshop on economic vulnerability and resilience of small states held at the University Gozo Centre, Malta, between 1 and 3 March 2004. These included academics, practitioners, policy makers, and representatives of international and regional organizations.

2. This workshop took place in the context of preparations for the International Meeting for the review of the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States (SIDS). The workshop discussed features of economic vulnerability of small states, particularly SIDS, and strategies for developing their resilience; and took account of the conclusion of the *ad hoc* expert group on Vulnerability Indices, which met in New York in December 1997, that "as a group, SIDS are more vulnerable than other groups of developing countries". The participants also discussed trade as the main engine of growth and development.

3. Participants noted that:

- the regional preparatory meetings for the International Meeting, held in Samoa, Cape Verde and Trinidad and Tobago, confirmed that SIDS, as a group, face particular handicaps as a result of the economic, environmental and social vulnerability.
- the Interregional Preparatory Meeting of SIDS, held in Nassau, The Bahamas in January 2004, reconfirmed the economic vulnerability of SIDS and called for the development of an economic resilience index.

4. The participants also considered a number of issues that are of concern to small states, notably:

- the issue of graduation from least developed country (LDC) status of a number of SIDS; and
- the need for special and differentiated treatment and necessary policy space for small states, particularly SIDS, within the World Trade Organization (WTO).

5. Participants recognized the role that a focused conceptual framework on vulnerability and resilience building could play in addressing these concerns, as well as in strengthening national and regional policy approaches. They also recognized the need for participatory and collaborative schemes, involving all major stakeholders, to ensure the success of resilience strategies.

Vulnerability and resilience of small states

6. The participants reaffirmed that the inherent economic vulnerabilities of small states have been internationally recognized. Such vulnerability arises from exposure to adverse external shocks beyond their control, as well as structural handicaps, exacerbated by *inter alia* a high

degree of openness, export concentration and high dependence on strategic imports, remoteness and high transport costs, susceptibility to natural disasters exacerbated by climate change and sea level rise. These conditions pose serious handicaps for the sustainable economic development of small states.

7. Small states have not been complacent in this regard, and there are many instances of successful practices to build resilience that could be emulated. In this regard, technical and financial assistance and cooperation from the international community is of paramount importance to support efforts of small states to build their capacity to cope with their vulnerability and to build up resilience.

Recommendations for small states

8. In order to build resilience, small states should:

(h) take steps to promote good governance by pursuing appropriate policies to ensure political stability and the enforcement of the rule of law, to address the issue of corruption, as well as to promote accountability, transparency and efficiency in the delivery of public services;

(i) strive to create a sound macroeconomic framework, including low inflation, exchange rate stability, and acceptable fiscal and external balances;

(j) undertake market reform by promoting fair trade practices and fostering competitiveness;

(k) enhance labour productivity and labour market flexibility with the collaboration and participation of social partners and other relevant stakeholders;

(l) promote social cohesion, support poverty eradication and sustainable livelihoods and foster harmonious social development;

(m) protect and sustainably manage the environment, notably by taking steps to increase energy efficiency, promote waste management, improve freshwater resources management, and encourage sustainable use of biodiversity and natural resources; and

(n) promote innovation, research and technology as sources of competitiveness.

9. In this context the usefulness of a resilience index should be explored.

Regional and international dimensions

10. The negotiating capacity of small states, particularly SIDS, should be enhanced by appropriate analytical tools, such as vulnerability indices. The support of regional and international organizations would strengthen this process.

11. The work carried out by the Alliance of Small Island States (AOSIS) in formulating a collective position for SIDS in international fora, in particular those where international instruments are negotiated, should be supported. Furthermore, the progress made in formalizing the AOSIS structure was welcomed.

12. Participants commended the work of the Commonwealth Secretariat to foster co-ordination among small states in their efforts to be considered as meriting special treatment within the WTO.

13. Participants expressed their gratitude to the international and regional organisations that have supported efforts by small states to promote their sustainable development. They were also appreciative of the work carried out by Universities and research institutions, notably the University of Malta, the University of the West Indies and the University of the South Pacific, in

the interests of small states. Participants urged the continuation of this work within the context of the proposed SIDS University Consortium.

Recommendations for the international community

14. Participants urged the:

a) UN Commission for Sustainable Development to take note of the conclusions of the workshop at its preparatory meeting for the Mauritius International Meeting (14 to 16 April 2004), and to request the international donor community to support SIDS in their resilience-building efforts;
b) Relevant UN agencies, including the UN Workshop on Trade and Development (UNCTAD), the UN Development Programme (UNDP) and the UN Environment Programme (UNEP), to continue providing support to small states, particularly SIDS, towards the promotion of sustainable development in general and resilience building in particular;
c) International donor community, including multilateral financial organizations, to extend financial and technical support to small states in their efforts to cope with their inherent vulnerability and to build their resilience;
d) The WTO to take account of the special trade concerns and needs of small states, particularly SIDS, and their vulnerabilities arising from trade liberalisation and globalisation, and accordingly consider granting special and differentiated treatment to such states.

Future Work

15. Recognising the importance of a rigorous framework on resilience-building, participants agreed on the need for the work to continue towards developing a resilience index as well as a broader set of tools to support national and regional policy making.

Acknowledgments

16. Participants expressed their gratitude to the Government of Malta and the University of Malta for their kind hospitality and warm welcome and for creating congenial conditions for a successful meeting.

17. The participants also thanked the Minister of Finance and Economic Affairs and the Minister for Gozo for their contributions to the deliberations, and the support expressed by both ministers in promoting measures in favour of small states.

18. The participants requested the Government of Malta to submit these workshop conclusions to the Secretary General of the UN for circulation as an official document of the UN.